

Public Service Commission of Wisconsin
Direct Testimony of Kristy Nieto
Office of General Counsel

Milwaukee Water Works
Docket 3720-WR-108

June 4, 2014

1 **Q. Please state your name, business address and occupation.**

2 A. My name is Kristy Nieto. I am employed at the Public Service Commission of
3 Wisconsin at 610 Whitney Way, Madison Wisconsin. I am a Consumer Affairs Analyst.

4 **Q. State your educational background.**

5 A. I received a Bachelor of Arts degrees in Spanish and Professional Writing from Hamline
6 University. I also received a Master of Arts degree in Spanish Language and Linguistics
7 from the University of Wisconsin-Madison.

8 **Q. State your work responsibilities and relevant experience.**

9 A. I am responsible for the development and interpretation of policy; conducting
10 investigations and training regarding consumer protection issues; and resolving complex
11 consumer complaints filed at this agency by the consumers of gas, electric and water
12 utilities. It includes a broad range of regulatory compliance investigations,
13 recommendations, reports, and rulemaking, as well as preparing and presenting oral and
14 written testimony at public hearings and meetings. I am the Consumer Affairs Analyst
15 assigned to monitoring and evaluating Milwaukee Water Works' (MWW) compliance
16 with laws under Commission jurisdiction. I have performed these work duties at the
17 Commission for approximately eight months. Prior to working at the Commission, I was
18 a Communications Specialist-Senior in the Bureau of Consumer Protection at the
19 Wisconsin Department of Agriculture, Trade and Consumer Protection for two years. In

1 that position, I evaluated consumer complaints for regulatory compliance with applicable
2 laws, and conducted education and outreach of these laws to affected individuals.

3 **Q. What is the purpose of your testimony in this proceeding?**

4 A. The purpose of my testimony is to present staff's response to the Commission's directive
5 to, as part of the current rate case, conduct a review of MWW's progress in reducing the
6 number of customers receiving more than three consecutive estimated bills, which is
7 generally prohibited by Wis. Admin. Code § PSC 185.33(13)(b).

8 **Q. When and under what circumstances did the Commission issue the directive to staff**
9 **to review MWW's progress in reducing the number of customers receiving**
10 **consecutive estimated bills to be considered in MWW's current rate case?**

11 A. During its open meeting of Friday, March 14, 2014 ([PSC REF#: 200852](#)), the
12 Commission reviewed the petition filed on behalf of Learsi-Wisconsin, LLC (Learsi), to
13 open a docket to review a Commission staff informal determination relating to the billing
14 practices of MWW. ([PSC REF#: 197664](#)) In its petition, Learsi alleged that MWW
15 issued bills in violation of Wis. Admin. Code § PSC 185.33(13)(b), which prohibits a
16 utility from estimating more than three consecutive bills except in unusual circumstances.
17 Learsi argued that it had no notice that an extraordinary amount of water was being
18 consumed at one of its properties because MWW had issued 12 consecutive estimated
19 bills due to a failed encoder receiver transmitter¹ (ERT) signal. Commission staff
20 determined that MWW had issued proper notice to the customer requesting access to the
21 meter to replace the failed ERT, and that Learsi was responsible for the charges that
22 resulted when the actual high amount of water consumption was discovered.

¹ Also referred to as an automated meter reader or AMR.

1 The Commission denied Learsi's request to open a docket based on the fact that
2 Learsi's request for a formal review was not timely. ([PSC REF#: 200946](#)) However, the
3 Commission noted that MWW's practice of issuing more than three consecutive
4 estimated bills was a concern. The Commission directed staff to provide a review in this
5 rate case of MWW's progress in reducing the number of customers receiving consecutive
6 estimated bills. ([PSC REF#: 200852](#)).

7 **Q. Please describe the specific circumstances under which the effort to reduce**
8 **consecutive estimated bills was undertaken by MWW.**

9 A. Commission staff had received multiple informal complaints from MWW customers
10 involving back bills for estimated usage. Commission staff investigated and found
11 instances when MWW had been estimating usage for more than three consecutive billing
12 cycles. The review determined that batteries in the ERTs that MWW installed in
13 approximately 1995 were failing. This resulted in zero meter readings or sporadic meter
14 readings to be sent from some ERTs to MWW. In some instances, MWW was unable to
15 gain access to the meters which also resulted in multiple estimated meter readings.
16 Commission staff met with MWW October 20, 2010, to discuss the issue. At that time,
17 Commission staff and MWW agreed the utility would start a five year project to replace
18 the ERTs as well as the meters. After multiple communications and a subsequent
19 meeting on November 11, 2011², the project expanded to an eight year project to replace

² [Milwaukee Water Works Billing Practices letter - PSC REF#: 144020](#)
[Billing on Multiple Estimates and Automatic Meter Reading Project - PSC REF#: 159844](#)
[Milwaukee Water Works Meter Replacement Project - PSC REF#: 160451](#)
[Response Letter to PSC Request of June 30, 2012 - PSC REF#: 169224](#)
[Meter Replacement Project Report - PSC REF#: 169225](#)
[Disconnection Notice Policy - PSC REF#: 169226](#)
[Staff response regarded MWW meter replacement report - PSC REF#: 170609](#)

1 ERTs and meters. MWW's plan included targeting the most problematic areas for
2 replacement first. MWW and Commission staff agreed MWW would provide reports on
3 its progress every six months, by January 31st and July 31st each year until the project is
4 complete. After the project is complete, the maintenance plan will be to continue to
5 replace 5 percent of the meter population per year over the next 20 years, which coincides
6 with the life cycle of the ERT.

7 **Q. Have you reviewed the progress of MWW on this effort?**

8 A. Yes.

9 **Q. Please provide a summary of your review.**

10 A. It appears MWW is on target to complete the meter replacement project within the
11 projected eight years. MWW fell short of the estimated 19,000 meters to be exchanged
12 in 2012 by 2,367 meters³. As a result of the 16,633 meters that were exchanged, there
13 were 72 back bills issued to MWW customers. The number of credits were not recorded
14 until the second half of 2012, with 44 customers receiving credits during that time period.
15 In the reports filed in 2013, there were 25,592 meters replaced, which exceeded the
16 estimated 19,000 meters. The December 2013 report⁴ shows 39.3 percent of the meters
17 had been exchanged, which is just over the projected number of meters to be replaced for
18 a two year period. The meters exchanged in 2013 resulted in 207 back bills and 151
19 credits to MWW customers.

[Letter to John Schulze with attached Meter Replacement Report - PSC REF#: 187262](#)
[Meter Replacement Project Cover Letter - PSC REF#: 199218](#)

³ [Meter Replacement Project Report for 2012 - PSC REF#: 179974](#)

⁴ [Meter Replacement Project Report - PSC REF#: 199219](#)

1 Staff is encouraged by MWW efforts and believes MWW should continue to
2 report on its progress as previously required to ensure completion of this project on a
3 timely basis.

4 **Q. Does this complete your direct testimony in this proceeding?**

5 A. Yes.

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